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# SOME VIEWS

ON

# BIMETALLISM

BY

COUNT JAMES POURTALES.

COLORADO SPRINGS, COLO.

APRIL, 1895.

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The financial question has for some time been in a fever-heat, and the crisis—for better or worse—cannot be delayed much longer. The great danger arises principally from the fact that the general public labors under a confusion of ideas, which is the result, mostly, of that strangely apathetic position which the great majority of people have heretofore taken concerning this complicated problem, though partly also of statements and argumentations which intentionally mislead the inexperienced, in the interest of one or another particular class or party. The people of the United States are especially uninformed or misinformed in regard to the shape which this burning question has of late assumed across the ocean, and for this reason I wish to lay the translation of two articles before them which appeared February 14, 1895, in the *Deutsches Wochenblatt* (German Weekly), published in Berlin, and add the statement of a few facts and reasonings.

The *Wochenblatt* is a paper of great influence in Germany, and has advocated international bimetallism ever since it was established. The first of these two articles is an editorial leader; the second appeared over the signature of Otto Arendt, chief editor of the *Wochenblatt*, and a member of the Prussian House of Representatives, one of the best known and most active bimetallists in the world.

Dr. Bamberger, who is repeatedly mentioned in these two articles, was a member of the Reichstag and of the National Liberal party. He is really the originator of the policy of gold monometallism in Germany. He then advised Prince Bismarck in his financial measures, and it was his influence which, after the German Empire was formed, induced the Prince to decide for gold monometallism, in order to get rid of the different monetary systems of florins, thalers, etc., existing in the various States before 1870.

The first article, as you will see, contains — in spaced type — the remark that Bismarck is at present in favor of bimetallism. From the speech made by Count Herbert Bismarck, the Prince's son, a few days after that article was published, we can readily perceive that this remark of the article was written advisedly. From the whole tone of both articles you can see that the idea of bimetallism is prospering in Germany.

The fact that a great majority of the Reichstag, the Conservatives, the Centre, the Agrarians, and one-half of the National Liberals have asked for steps to be taken for the remonetization of silver; further, the statements of the German Chancellor and of the State Counsel; and finally the fact that the House of Commons in England gave a not unfavorable vote for taking part in a monetary conference, all prove that the sanguine expectations of Otto Arendt were founded on correct information.

The second article brings us news from France and Germany which is of the greatest importance in the bimetallic movement. In spite of this great importance, I have not seen Ribot's words quoted in any American newspaper. I draw your attention to the fact that Ribot, as well as Arendt, emphatically states, that one nation by itself cannot solve this question. Please note, also, in the letter written by influential men in Germany to the French bimetallists, how they approach each other. France and Germany bury in this question their national antipathy, and show sense. Would that the Americans imitated this good example.

#### FIRST ARTICLE.

"Whenever the economic history of the German Empire will be written, the controversy on the monetary question will be a doubly sad chapter. The gold standard has at least, according to the utterances of M. Ribot, the President of the French Ministry, accelerated the economic crisis, and has given it a much severer character. But that is not the only sad side: just as sad is it that a

great and intelligent nation, like the German, has allowed itself to be misled by a handful of fanatics and self-interested politicians, and that the German intelligence was not sufficient to perceive the artificial obscuring of so simple a question. The German press has especially sinned in this regard. There are hardly more than half a dozen papers in Germany which have published independent articles for the gold standard. But what Dr. Bamberger writes to the *Freihandels-Correspondenz*, or what Mr. Ottomar Haupt, the former bimetallist, writes, that is published in hundreds of papers, and in that way they play fast and loose with the truth. Never has the principle 'the end justifies the means' been more regardlessly applied than by the representatives of the gold standard in Germany. The bimetallist, isolated at that time, sought in vain to enlighten public opinion. With a totally misplaced pride, the public gloried in their ignorance about the monetary question, and believed that they could with a joke dispose of a question whose solution alone is capable to put an end to the economic crisis of the world.

"It has now been made clear that after the war of 1870 neither the Government nor the Reichstag had a fore-shadowing of the far-reaching effect of Germany's changing from the silver to the gold standard — not even Bamberger. For if Bamberger had had a conception of the economic importance of the monetary reform so zealously advocated by him, he would not have said that gold would appreciate by a gold standard, and thereby prices fall, which he did say on the 29th of March, 1873, in the Reichstag, in the following words: 'On the contrary, gentlemen, I agree totally with one of the speakers who has addressed you before me, that a larger gold demand will be the consequence of our measure and the similar measures taken by other countries. Then the gold will rise, and a consequence of our monetary reform will be that prices with us, after we once have the gold standard, will fall.' Dr. Bamberger could not have been clear as to the consequences of falling prices or he would not have so expressed himself.

"Little by little we have in the monetary question collected experiences, paying dearly for them. What far-seeing people, like the Pole Wolowski and the German Ernst Seid, prophesied in 1868, has come to pass. Even that prophecy was verified, that all sorts of reasons would be advanced for the economic crisis—except the gold standard.

"Apparently the gold standard party was victorious. The monetary conferences passed without result. Public opinion remained apathetic, misled by the larger portion of the press, and in the year 1892, Dr. Bamberger declared in the Reichstag that bimetallism was dead. But at the same time Prof. Ed. Suess, a man who looked at these things not from the battlements of party, but from the higher watch tower of science, wrote "The question is no longer, whether silver will again become a coinage metal of full value over the whole earth, but, what are to be the trials through which Europe is to reach that goal."

"Suess will be and must be right. The economic crisis with its continuous aggravation overthrows finally the artificial structure of the sophistries of gold monometallism."

"Prince Bismarck, soon after he began to occupy himself in Germany with economic questions, clearly recognized that with the gold standard he had got lost in the quicksand. But the question remained for him "non liquet," because he did not wish a solution of it without England, and England was not ripe for it. He suspended the sale of German silver and left thereby a free road for the future. *At this present moment Prince Bismarck also regards action in the bimetallic direction as a necessity.*

"The crisis which the bimetallics tried to avoid has now assumed such a threatening form that the moment has come when England, willingly or by force, must join the monetary alliance of the principal civilized countries.

"The last proceedings in the English Parliament have demonstrated that the situation of the Liberal cabinet is a desperate one. A majority of seven votes cannot last long. And the successors, Balfour and Chaplin, declare bimetalism to be the only safeguard. Just in the monetary ques-

tion they may count on the Irish workers who still support Roseberry's government, but are altogether bimetallics. The bimetallic league has grown to be a power. The last five elections for Parliament have all been for bimetallicism: the days of the English gold monometallism, and therewith gold monometallism in general, are near their end.

"In the United States financial anarchy is nearly prevailing. The monetary condition grows continually more untenable. But, alas, a collapse would tremendously increase the economic crisis of Europe. It must be the serious task of all statesmen who are conscious of their responsibility to prevent this.

"The French government took a strikingly cool position at the Brussels monetary conference in 1892. To-day this is different. The speech which Ribot, the President of the French Ministry, made on the 2nd day of February (and which we shall literally quote below) is the most prominent official demonstration on the monetary question which has appeared since the beginning of the monetary controversy. Let us hope that the German government will now take an equally decisive position.

"In Germany, too, the charm is broken. Hard times have at last accomplished what long ago ought to have been done. Government and Reichstag have put their fingers on the sore spot, the international adjustment of the monetary question enters into an entirely new phase.

"When the Americans in 1878 sent an invitation to the first monetary conference at Paris, Germany declined to participate. In 1881 at Paris, and in 1892 at Brussels, German delegates were sent, but they were decided gold monometallists, who moreover in 1892 carried such instructions as excited ridicule from all sides.

"Times change; now probably a large majority of the Reichstag will ask the Government to issue an invitation to a new monetary conference.

"Never was there a more opportune moment for Germany to take the initiative for solving a great cosmopolitan question, nor was this solution ever more urgent than now.

"It is not only the existing world's crisis which demands energetic measures, for if nothing is done to regulate the monetary question, the American crisis will come to a catastrophe, and after the Japanese-Chinese war is settled, the yellow race will flood us with its products.

"France and Germany, both suffering from the same crisis and threatened by the same economic dangers, find in the solving of the monetary question a great common task. These two great nations in the heart of Europe share with each other the duty to foster the European civilization, and to carry it beyond the sea. The consciousness of this duty will be awakened again in the public opinion on both sides of the Vosges Mountains by a common financial policy with its fruits and blessings for both nations.

"The speech which Ribot, the President of the French Ministry, made, finds an echo in the motion which will be passed by a majority of the Reichstag and which contains the concession, that Germany, though as powerless as France to solve this question alone, is nevertheless willing not to remain in its heretofore indifferent and expectant attitude, but that it is determined, with all that is in its power, to accelerate a solution. In the face of the great political constellation which prepares the agreement of the nations on the silver question, it seems rather needless to quarrel with those who up to now proclaimed in Germany the gold standard with their dialectic watchwords. Those circles may be greatly grieved, but with the moment when the National-liberal Dr. Friedberg, and Dr. Lieber, the leader of the Centre, joined Count Mirbach and von Karlowitz as movers in the bimetallic resolution, the battle was lost for the gold monometallists.

"This party has fought against nothing more than an international adjustment, and under its influence the Secretary of the Treasury von Scholtz, whose blindness in the monetary question was a great misfortune for Germany, declared on the 22nd of January, 1886, that none who loves his country and who was not willing to betray it,

could sign the bimetallic agreement. Fortunately the world has stepped down from this climax of Bamberger's conception, and beside the names of Balfour, Cleveland and Ribot, that of a German statesman will be placed. And with the moment that this is done the demonetization of silver will vanish like a phantom, and in a short time mankind will not understand how short-sighted and blinded the world has been for a quarter of a century.

"The mania for gold monometallism will be counted amongst the most dangerous errors of all times. With the introduction of bimetalism there will come a new era of economic and social progress."

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## SECOND ARTICLE.

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### "THE BIMETALLIST MOVEMENT IN FRANCE.

"The theory of the gold standard was born in France. The free-trade party gained influence in that country and rejected the double standard on the principle that it was an infringement of the state upon the free development of prices, not considering that the state infringes in this direction just as much when it coins one precious metal at a fixed rate and thereby determines its value as money. In England the gold standard was introduced in 1816, not so much as the result of theoretical considerations, as in consequence of the existing conditions, and during the time of this forced currency silver disappeared from the traffic. Soon, however, the unpractical side of this monetary system was perceived in England, and the banking bill of 1844 cut into the system by stipulating that the Bank of England could keep silver to the extent of one-fifth of its supply of cash. In France the double standard, which had been introduced in 1803, was popular everywhere, and therefore the Manchester theorists, under the lead of Chevalier and De Parieu, could not succeed in a direct way. So they chose an indirect way, and promul-

gated the ideal of a unity of coinage throughout the world on the basis of the French system of coinage and the gold standard. The first international conference for coinage was in 1867 invited to Paris to carry out this plan.

"During the negotiations of the German silver commission, I proved in opposition to Dr. Bamberger, by the records, that the assertion, that France would have reached the gold standard, if Germany had not anticipated her, was a legend, and had no historical basis. The double standard was energetically defended in France, and the only question was whether it should be sacrificed, in case the unity of coinage throughout the world on the basis of the French system of coinage would thereby be obtained.

"The war of 1870, which put France for several years under the rule of a forced currency, caused a change of conditions: the idea of unity of coinage throughout the world was dropped, Scandinavia and Germany introduced new systems of currency, and now the party of the gold standard, using these circumstances as a lever, induced France to give her consent—though she did it with reluctance—first in 1873 to confine the coinage of silver within a definite sum, and then in 1878 to stop it entirely.

"As soon as France and the Latin Union limited the coinage of silver, the place where silver could be exchanged for gold, and vice versa, at a fixed ratio disappeared, and so, of course, every fixed price vanished, the depreciation of silver began. True, the production of silver was so slight at that time that it did not suffice for the universal demand; but to ascribe the depreciation to this fact amounts to the same, as when somebody would say: I see that the sun revolves around the earth. Such assertions, which strike the scientific knowledge in the face, are supposed allowable in the financial question, and are intentionally used to mislead public opinion.

"During the seventies, the party of the gold standard had dominion over the public opinion. It made use of the depreciation of silver—which it had *not* foreseen—to make people believe it had been wise to *prevent* it by

legislation, while it was just legislation which made it at all possible. Only in the United States came a turn at that time, and it called again in 1878 a coinage conference to Paris, in which Germany took no part, in order to indicate its adhesion to the gold standard, and at which the delegates tried to save their position by the Platonic declaration against all further encroachment upon silver.

"Meanwhile gold began to flow to America, which caused a fear of that scarcity of gold which in the beginning of the eighties suddenly started the liveliest controversy concerning the coinage. Now France was ready to return to bimetalism, and, after coming to an agreement with the United States, invited, together with that country, a third monetary conference to meet at Paris in 1881. At this conference Germany was represented, but the conference had no result, because Germany would not accept bimetalism without England, and the latter could not be induced to agree to it. But the French government was not willing to take any further steps unless either Germany or England would join.

"After this, the interest in the bimetallic exertions cooled down in France. During the world's fair in 1889 an informal monetary congress took place, at which Mr. Magnin, president of the Bank of France and a decided bimetalist, presided; but the French government evidently observed an "indifferent and expectant" policy; and when in 1892 another monetary conference took place in Brussels, everybody was surprised at the reticence of M. Tirard, the French delegate. Among the difficulties which menaced bimetalism, this was now mentioned, that France would no longer enter upon it. (But the monetary question seems to permit a certain ignorance; thus, for instance, when the news came that Ribot advocated bimetalism, the *Freisinnige Zeitung* said, this was not surprising, since "bimetalism existed" in France, a statement which was about as correct as that London is situated in America.) Since 1873, the unlimited coinage of both precious metals, and therewith bimetalism, has been suspended in France.



Now they have the same monetary system which we have, gold standard with a circulation of silver currency, in France five-franc pieces, with us Thalers; the same monetary system—the same economic distress, the same endeavors to overcome it on both sides of the Vosges Mountains—and at the same time there are here the indications of the approaching victory of bimetallism.

“During the same days when the House of Commons (Landtag) of Prussia, discussing the budget of agriculture, debated for three days the agricultural depression, the French Chamber was also engaged with the budget for agriculture.

“On the 2nd of February, Fougérol, the representative of Ardeche, submitted the question to the government, what position it held in regard to the monetary question. He stated, that the agricultural and economic crises were confined to the countries which maintained the gold standard; the measure of values had fallen in the countries of the gold standard, while they remained firm in the silver countries. ‘From this you see,’ he said, ‘that the price of agricultural products remained the same in all countries of the silver standard, while it fell to one-half in all gold countries; nobody can deny that these are the consequences of the monetary crisis (applause). Can we, under the circumstances, be surprised that our agriculture suffers? In my opinion this is the main cause of all the distress.’ (Applause.)

“The speech of Fougérol was answered by Ribot, the president of the French cabinet and secretary of the treasury, in a way which is of much more importance for the future state of the monetary question than could be understood by the despatches. Therefore we give it here, literally translated, according to the stenographic report:

“Gentlemen, I cannot at this hour sufficiently discuss a question which is so important and so complicated and about which I have lately had many a conversation with my honored friend Fougérol. I agree with him, that the suspension of the coinage of silver was an extremely unfor-

unate step. The responsibility for this suspension is directly traceable to the action of Germany in 1873. But it cannot be said that the suspension of the coinage of silver is the cause of the agricultural crisis in its whole extent. (*A voice: To a great part!*) For twenty years many causes have worked together to depress the prices of all commodities which are sold in large quantities, especially of agricultural products. But to me it is evident that the suspension of bimetallism, in connection with those general causes, precipitated the crisis and aggravated its character. (*Voices: Very good, very good!*)

“In this direction I entertain no doubt; neither does M. Fougérol, who has studied this question with laudable zeal, and has made it a specialty.

“I cannot find the solution immediately. M. Fougérol has studied the question too well not to know that the solution cannot be brought about by one country alone. He also told you just now that it is not France alone which suffers from the suspension of the coinage of silver.

“That is correct, and we can solve the question only by an agreement with the great neighboring nations. (Deputy Lemire: Why do you not take the initiative for such a negotiation?) For if we should solve the question alone, we alone should have to bear the cost of the solution.

“M. Fougérol could have told you that in those countries which heretofore adhered most tenaciously to gold monometallism, especially in England, a very strong current of opinion is forming to find the remedy for the present crisis, and it is a very remarkable event to see that the Chamber of Commerce of Manchester, for instance, has deserted the monometallic theory and demands that silver should, in whatsoever way it could be done, receive again its value as a circulating medium. About the means which ought to be employed, opinions may differ, but I believe that a genuine movement in favor of the resumption of the coinage of silver has begun in Germany and in England. I cannot say at what hour this movement

will be decisive enough finally to overcome the resisting forces, and these are considerable.

"What should the French Government do under these circumstances? In 1892 we were invited, to a monetary conference at Brussels, which, unfortunately, arrived at no results, and which was indefinitely adjourned.

"Although I have been Minister of Finance only for a few days, I have nevertheless conferred with my colleague, the Minister of Foreign Affairs. We fully agree. I do not believe that France can solve the question by itself, neither can it restrict itself to an indifferent and expectant policy.

"France must declare plainly that it desires to accelerate the solution; it must take such a stand as to encourage the movements of the public opinion in the neighboring country. This is the position which the Minister of Foreign Affairs will maintain, and which I myself have taken. I hope that herewith I have sufficiently answered the question put to me."

"With this speech, which is a programme in itself, the monetary question has reached a new stage.

"Now it is a fact that France has given up the 'indifferent and expectant' policy, and is determined to advance the solution of the monetary question with a view to bimetallicism.

"At the same moment the same policy is gaining ground in Germany. We may expect a large majority of the Reichstag to vote for the motion for bimetallicism, since nearly one-half of the National Liberals and the whole Centre have been won for it. Ribot's speech makes it a certainty that if Germany takes the first step it will succeed. Germany can, with full assurance, count on the complete coöperation of France. Should Roseberry's cabinet be unwilling to take part in a conference, then it is possible that the bimetallic party in England, which is gaining more and more strength, will defeat the cabinet and gold monometallism at the same time.

"Public opinion in Germany, which has so long been misled by that part of the press which supports gold monometallism, is surprised and astonished at the fact that bimetallicism is suddenly making such progress; and before long it will be surprised by England's being won for bimetallicism; for the majority of seven for the present ministry will not last long, and the next ministry under Balfour and Chaplin will go to work and will save India and England through bimetallicism, as we can clearly see from the debate in the House of Commons on the address.

"Meanwhile the French bimetallicists are getting ready to establish a bimetallic league. The 'Société des Agriculteurs de France,' which has since last summer made preparations for it, founded on the 12th of February a National Bimetallic League. The solidarity of the economic interests of the civilized world finds a conscious expression in these endeavors; that which in Germany has for so long a time been maligned as an 'Agrarian reactionary' whim now appears in its true light as a progress of the economic policy of the modern world.

"A consequence of the instigation of the French bimetallicists can be seen in the following address, which has just been sent from Berlin to Paris, as a welcome to the French Bimetallic League:

"DEAR SIR:—From the contents of your letter and from the circular of the 'Société des Agriculteurs de France' we perceive with great delight that you are on the point of forming a national bimetallic league in France.

"In Germany we have had a 'German Association for International Bimetallicism' since 1882, and have since then, in the parliament, in the press and in meetings, given expression to the conviction, that nothing but the remonetization of silver can put an end to that economic crisis which lies upon us as heavily as on the whole civilized world.

"The agriculturists of Germany have all come to the conviction that an international settlement of the monetary question is the best means to raise the perniciously low

prices of grain to a point which will enable the farmer to make a living. The "Union of Agriculturists" has made the active regulation of the monetary question a part of its programme; and one of the questions which this extensive organization puts to every candidate at the election for the Reichstag, is, whether this candidate will advocate a monetary reform. Whoever answers this question in the negative has no prospect of getting any votes of the country people.

"At this very moment, hundreds of agricultural associations are sending petitions to the Reichstag, the object of which is, to induce Germany to take the first steps for the call of an international monetary conference.

"Among members of the Reichstag itself there exists a "Free Economic Association" whose presiding officer is the representative von Plötz. This organization has for its object, to guard the economic interests, especially those of agriculture. On the 6th of February, they unanimously decided to lay a resolution before the Reichstag, requesting that Germany should take the initiative for calling an international monetary conference.\* Subscriptions to this resolution are now being collected. We not only expect with certainty that this resolution will be accepted, but are even justified in the hope, that it will receive a large majority in the Reichstag.

"We have no longer to fear such a declining position of the German government as at the conference in Brussels. We have good reason to expect, that the German government will manifest the greatest interest in any attempt to arrive at an international regulation of the monetary question, and will, in consequence of the resolution of the Reichstag now to be expected, undertake the attempt. No country can alone solve this enormous confusion of monetary conditions which severely threatens the industrial life and the social safety of the whole civilized world. Only

\*The resolution is worded as follows: "To lay the request before the united governments, to issue, as soon as possible, invitations to a monetary conference, in order to arrive at an international regulation of the monetary question."

the combination of the various nations can accomplish it. For this reason we have received the information of the speech of Ribot, the President of the French Ministry, and of the action of the "Société des Agriculteurs de France" with the greatest satisfaction. The struggle, the object, the danger, are the same with you as with us. Therefore we proffer our best wishes to the new National Bimetallic League of Paris, and hope that we shall maintain an equally good alliance with it as we have done for some time with the Bimetallic League of London, which is operating so successfully.

"Europe sees before it the question, whether it is ready to sacrifice its important position in regard to civilization and the welfare of its population to a misunderstood doctrine, the fatal experiment of gold monometallism. When once the war between China and Japan is ended, Eastern Asia will—if we leave to it the advantage of an enormously depreciated value of silver—with its frugal and industrious population destroy our European industry, and will cause a new and insupportable competition for our agriculture.

"If there was ever a favorable moment for the remonetization of silver, it is the present one. The rapid increase of the production of silver has reached its end. Nevada's wealth of silver, which was alleged to be beyond all measure, has been exhausted; Broken Hill, the richest silver mine in the world, is giving out; the production of silver is becoming moderate again, while at the same time the increase in the production of gold (though it will not last long) removes all apprehension that during the transition to bimetallic gold will require a premium and will disappear from circulation.

"The closing of the mints in India, and the total failure of this desperate measure, the economic conditions of England, the energetic bimetallic agitation in England and its colonies, encourage us to hope that England will no longer refuse to take part in the remonetization of silver. Should it, in spite of these facts, still refuse, then

we are ready to come to an agreement with the National Bimetallic League as to the measures to be taken by us in common to conquer this resistance of England as soon as possible, and to put an end to the economic crisis.

(Signed.)

- \* VON KARDOFF-WABNITZ, member of the Reichstag and of the Prussian House of Representatives, President of the German Association for International Bimetallicism.
- \* LEUSCHNER, member of the Reichstag and State-Counsellor, Vice-President of the G. A. for International Bimetallicism.
- \* COUNT MIRBACH-SORGUITTEN, member of the Reichstag and of the Prussian House of Lords, President of the Association for Reform of Taxes and Economics.
- \* VON PLOETZ-DOELLINGEN, member of the Reichstag and of the Prussian House of Representatives, President of the Alliance of Agriculturists.
- \* DR. OTTO ARENDT, member of the Prussian House of Representatives, Secretary of the G. A. for International Bimetallicism.

"There is no doubt that before long the advocates of bimetallicism of the parliamentary bodies of all countries will agree upon a convention. This great international movement cuts its way with an irresistible force. If we had any doubts that bimetallicism will bring a relief of the economic crisis, we should have to look only at the progress of the bimetallic movement in France and England, to know that we are on the right way.

"(Signed) OTTO ARENDT,  
"Member of the House of Representatives."

Commodities are exchanged between nations, and money is the means of exchange; the monetary question is therefore an international one.

That a satisfactory international agreement has not been reached so far, has its reason in the fact that the advocates of various theories take an obstinately hostile position to each other.

Three classes of people can be distinguished in their aims concerning the monetary question. The *gold bug* is the first; it is he who controls the money of to-day, who has kept, and still keeps, by his power over the press, a great many people in ignorance as to their real interests. Only a few derive benefits from the present gold monometallic system: these are the monopolists of the present currency, for whom the scarcity of money is an advantage.

The *silverite* is another character. He wants to see silver on top, and is an enemy of the gold bug to the knife; he would be pleased to see the silver mines regarded as a "Mecca" by the people (though it be even only for a short period). But he wants that silver should crowd out the gold;—he would not hesitate to make the gold dollar unsound money. The monetary question is for him largely one of speculative silver mining.

Finally, there is he who says, "*Suum cuique*" and "*in medio tutissimus ibis*," the *bimetallist* who says, give to silver the same right as to gold: give it that place again which it held for centuries, but of which it has been deprived since 1873 by the closing of the mints; give to silver a place which it can hold conjointly with gold, by a strong combination of the leading nations—the money powers—agreeing to such steps as will be necessary to make gold and silver international money, giving them the chance of the ordeal of fire, which will be done by opening the mints of these nations for the free coinage of silver as well as of gold at a fixed ratio. Say that 155 dollars in gold shall weigh as much as 10 dollars in silver, 155 francs in gold as much as 10 francs in silver, and 155 marks in gold as much as 10 marks in silver.

What is needed, and what alone is right and just, is that gold and silver should together be again the mediums of exchange at a fixed ratio. On this basis the business

of production and commerce was built up for centuries, giving to the laborer fair wages, to the producer a fair price, to invested money a fair interest. We need a system which is not subject to fatal ups and downs, but which has been demonstrated by theory and proved by practice to be of a lasting nature, and that is bimetalism—yes, *international bimetalism*.

When two persons gamble, the advantage of one must be the disadvantage of the other; and many people are of the opinion that it is the same in commerce. That this is an entirely wrong notion is proved, not only by economic theories, but by the whole history of commerce. If it were correct, there would be an end of all commerce! As soon as a nation finds out that its commercial intercourse with some other is carried on with a loss, it will stop it, or try to remedy the loss by export or import duties. The ethical as well as the economic principle must be upheld, that commercial intercourse must be to the advantage of both countries, the purchasing as well as the selling. This, however, can be arrived at only when there is a measure of exchange agreed upon which will cause loss neither to the one nor to the other. In other words, international commerce is possible only on an international basis of exchange. If one country maintains an exclusive gold standard, and the other an exclusive silver standard, their intercourse must be to the loss of one or the other, and only international bimetalism can open the right way.

Since Greek and Roman times the precious metals have been the money of the world. The nations of Europe, the United States, Canada and Australia, have tried to deny to silver the character of unlimited legal tender. But at the present time only about one-fourth of the population of the globe maintains the gold standard, while the money of the other three-quarters is silver or, for lack of it, paper currency. When nations begin to exchange commodities, they must have a basis or measure of value which bears a just proportion to the national moneys, without giving one nation an advantage over another.

Different countries exchange various products, but the cost of production itself depends on that kind of money used in the producing country. On this point I expressed my views more than a year ago in a pamphlet "On the Monetary Question," published in Germany, from which I quote:

"In a country with the silver standard, silver is unlimited legal tender, and has its full purchasing power. Whenever silver falls in its ratio to gold, the silver country has the advantage of a cheaper production. For the export to a gold country, the low price of silver has the effect of an export premium. And on the other hand, if the silver country has some industry, the low state of silver has the effect of a protective tariff against imports from a gold country. Thus India can export wheat and other products to Europe at a cheap price, and can call industries into life which are through the low price of silver protected from any imports from Europe, as it is the case with the cotton industry. But as soon as a country like India with its extensive wheat culture can carry cheap wheat to Europe, this cheap price determines the market price for all gold countries, and thereby also for the United States; and as with wheat, so it is with cotton.

"At the same time, India, whose silver standard acts as a protective tariff, can in its own factories produce cotton yarn and cotton fabrics so cheaply that a gold country cannot export thither, but India can sell its goods to other silver countries, as for instance China, with a fair profit.

"The same disadvantage which gold countries meet in their commercial intercourse with silver countries, they also meet with regard to countries that have a paper currency.

"In Russia for instance, the paper ruble is the medium of exchange. There it is worth as much as is stamped on its face. But if a foreign country wants to get some product, say rye, from there, it must buy paper rubles at the Exchange according to their unstable course, to pay there-with for the rye in Russia. Here again the low value of

the paper money acts as a premium on export. If, for instance, the paper ruble falls 10 or 15 per cent., this means that rye can be bought in Russia 10 or 15 per cent. cheaper, and that the export premium rises by so much."

For all the countries which had not developed on a basis of gold and silver, and for countries which have no heavy debts in gold loans, this state of affairs has been favorable, but it was to the loss of the others.\*

At the same time, the labor paid by silver or paper has been more frugal, the yellow race deriving therefrom the strongest impulse for production.

The United States has been developed on a basis of gold and silver. On that basis loans were made, railroads built, the country opened and settled; labor was paid on that basis. As long as the interest on European loans has to be paid in gold, as long as American tourists spend about 80 to 100 million dollars of gold per year in Europe, as long as American exports as well as imports are carried on foreign ships and the freight paid with gold, all which facts are turning the balance of trade against the United States—it is a necessity for them to strive for an international settlement of the monetary question, and to take steps in that direction, *i. e.*, the people of this country must learn to consider the monetary question as an international one, and not as a question of speculative silver mining.

What would be the result if the United States alone should adopt the free coinage of silver? Could the United States swallow all the silver which they themselves and that which other countries produce, or which other nations have on hand and would send over to the American mints in exchange for gold? There is not gold enough in this whole country to be exchanged against French silver, even if France keeps 20 francs in silver per capita for subsidiary coin, France is able to send at once nearly 530 million dollars in silver to this country when it is here coined at the ratio of 16 to 1. And if you should give to the popu-

lation of Europe (excluding Russia and Turkey), *i. e.*, to 245 million people, as much as 15 shillings subsidiary silver coin per capita, which would in many instances mean more than some of those nations have now—that part of Europe could still dispose of about 575 million dollars of silver at the ratio of 16 to 1. Germany alone produces yearly silver enough to furnish the metal for small currency for the yearly increase of the population of Europe. The old gold stock of America and the new gold dug out here, would quickly flow to other countries. Even if the production of gold in this country were double or triple what it is, it would find its way across the ocean.

Gold would go to a premium; the United States would not be in a position like India, Mexico, (or countries which have paper currency like Russia). The economic circumstances are vastly different. Would the working people of the United States like to adopt the ways of living and working as in those countries? Is there not a vast difference between the American workingman and the Coolie, or even the Mexican? Eight hours work, eight hours recreation, and eight hours sleep—three good meals a day, with meat and pie, are demands which, paid in silver, make it impossible to compete with the yellow race in production. But suppose the silver-using America should add a few cubits to its present wall of protection, and try to manufacture itself all it needs, would not the natural consequence be that the gold-using countries of Europe would build up a similar wall against American products? It is misleading the masses, if free coinage of silver is advocated for this country alone, as a remedy to help the workingman, the farmer, the miner and the producer at large. Such a policy is advocated only by people who have not investigated this question, or by politicians, demagogues, speculators in mines or mining stocks, and by those who wish to boom the silver-producing States, though the boom be only short-lived.

There is no doubt in the mind of those who have followed the history of this question for the last twenty years,

\*To all who take an interest in this part of the question, I recommend Edmond Théry's *La Crise des Changes*, Paris, 1894.

that the silverites are the very men who, in their shortsightedness and egoism, have delayed international bimetalism. The Bland Act, and especially the Sherman Bill, made silver a commodity, kept the price of silver up for a long period, and thereby prevented this question to come to an issue long before this. If we had seen silver all over the world, say in 1882, at 50 cents, the question would have been settled long ago internationally. But those fatal bills made the world believe, and the gold bugs did their best to preach this theory, that silver and gold, the precious metals, are a commodity (for "purchase means price and price means commodity"). But history and the arguments of the wisest political economists have proved that it is law which makes money—that a higher value of the precious metals, gold and silver, is established by opening the mints to the unlimited and free coinage of these metals, giving to a certain weight of silver or to a certain weight of gold, a fixed value which is stamped on its face. The melting of the coin, whether silver or gold, causes no loss, as it can be recoined to its former value. Free coinage for gold was retained in Europe and the United States—whereas free coinage for silver has, in both countries, been withheld since 1873. If gold had no open mint where to be coined, it would have a price,—would be a commodity.

The closing of the Indian mints was a further step to clear the air for international bimetalism, but it is due to the attitude of President Cleveland and to the repeal of the Sherman bill in 1893, that the mist around the monetary question was finally dispersed. In this country, and on the other side, the true friend of bimetalism greeted the repeal of the Sherman bill with joy. Even the people who had not paid any attention to this question have now their attention directed to the subject. Now people begin to see clearer than before, and begin to understand the issue of the bimetalists.

The goldbugs find that they can no longer "keep the phantoms in ban." They would be willing enough to raise the *price* of silver, if they could keep it a com-

modity. A rise of silver to 80 or 90 cents, or even more, would be readily conceded by them; for such a state of affairs would be acceptable to a silverite who owns rich silver mines; it would raise the prices of staple commodities, especially of the farm products; producers in many fields would get better prices; the whole question would again be veiled in a mist, and just those people who now cry for a change, and threaten if none is made, would be quieted, and then the monetary question would relapse into the state of the eighties. The proposition of Rothschild at the Brussels monetary conference of 1892 was nothing else than a trap for any bimetalist to be caught in.

No, we want to obtain a lasting settlement of this question, and one that is as much for the benefit of the producer as of the investor. Let us not waver, but let us look only at the final goal. *We demand international bimetalism.* The monetary question can only come to a satisfactory issue by an international agreement of a number of leading and rich nations, the money powers. France by itself, as M. Ribot states, could not and would not resume the position it held for seventy years (1803 to 1873) as an international exchange place. Germany could not dream of doing it by itself—much less could the United States attempt it with its financial obligations to other nations, and for other reasons given above. France, the Latin Union, Germany, Austria and the United States, if united in action, are surely strong enough to introduce bimetalism, and to keep up the ratio of 15½ to 1 against any events. And if England is not willing to join them, leave her in the cold! For I do not doubt that the nations which should make this agreement amongst each other would derive the benefits in the first place. England, it is true, would enjoy the parity of the fixed ratio between silver and gold like all the other nations, but it would lose in other ways—namely, in making national loans to transoceanic countries, as, for instance, to Japan, China, the Argentine Republic, and many others, as these would prefer to make their loans where the most favorable terms

can be obtained; and that would be where there is an open mint for gold and silver. England will also lose in its export trade in comparison with such nations as are willing to accept silver as well as gold in their mints, and do not need to send their silver to another country for exchange. I believe, however, that England, when matters come to the point, will not stand aloof, for there are signs that it will at least open the mint of India again to the coinage of silver, if the nations mentioned above enter into a monetary union. England has been told too often, "without England we do not dare to remonetize silver." Germany made the blunder of saying so; so did France. The mighty goldbugs of England, and especially of "the city," relied on this, and ridiculed any attempts at international bimetallism. And all the other international money lenders took up this position, and expressed themselves in that direction by the press which they controlled.

Even if it takes a few months, or a year longer, do not let us accept anything less than open mints for the free coinage of silver and gold in all the countries named above.

This once accomplished, prosperity will follow to the producer, as well as to the capitalist. And there will be no lack of money, as the spirit of enterprise will be re-awakened, new developments called into life. Instead of idle, hungry people we shall see busy, well paid men and women.

To accomplish this, all people interested in it must stand together, shoulder to shoulder. Ribot says correctly that there are many "resisting forces" to be overcome. The leading papers in the cities are, unfortunately, influenced by gold bugs. The apathy and the prejudice of the readers of those papers are also to be overcome. Mutual confidence must be restored amongst the nations and their governments, so that they may each believe in the honesty of the others, as well as in the stability of their actions. These obstacles, and many others, can only be removed, if all people who know that the remonetization of silver is for the general good make it their common cause.

We appeal to the silverites in their own interest to give up their one-sided views, and to join the movement for international bimetallism. We ask the leaders of the silverites not to make misstatements to the masses. We warn the miner not to see in the silverite the messiah, and we advise him to keep in mind that with international bimetallism at the ratio of  $15\frac{1}{2}$  to 1 the ounce of silver will be coined at the value of \$1.32, which means fair, good wages for his work. The owners of the few rich mines who produce silver at a cost of less than \$1 per ounce ought not to forget those who cannot produce it for less than \$2; and, above all, people in the Western States ought not to look for a short boom, but for a lasting prosperity. The money lender ought to keep the fact in view that with the continued fall of silver the grasp with which the creditor holds the debtor grows more and more insupportable, that a straining of his own interest and advantage has its danger, and that, if the suffering of the masses continues, and there is no prospect of any future prosperity, he may one day find that he has stretched the bow too taut.

As long as those who are in favor of silver are not clear in their views, or differ among each other in their aims, the battle with the forces resisting the remonetization of silver cannot be fought successfully. If we are divided, the enemy will defeat us. In this part of the United States the man who labors for an international settlement of the monetary question is by many (but I do not believe by the majority), unfortunately, looked upon as a traitor to the cause of silver. If a representative of this section dares to speak of and to approach the idea of an international agreement, he is hissed at, and his action condemned. In most cases it is the lack of knowledge concerning this question which makes people act that way. If you want to bring about an international solution you must leave your moderate leaders at liberty, at least in the primary acts of their diplomacy, and not force them to the views of silverites — which they must condemn themselves, if they are true friends of a future, lasting prosperity.



It was very unfortunate that the appropriation of Congress for delegates to an eventual international conference was saddled with the condition that a fixed ratio of silver to gold should then and there be embodied in the call of the conference. Such a delegation may be practically excluded from the conference, if the invitation reads differently. The American government ought to have trusted to the delegates to be sent, that they will have judgment enough not to assent to any steps injurious to this country, without binding their hands, or rather their tongues, by a condition which will not be contained in the invitation. The imperial chancellor of Germany stated in a session of the Reichstag that, considering the injurious effect which the increasing difference between the values of gold and silver has upon the whole economic life, an exchange of opinion with other nations as to the measures by which a relief of these conditions could be effected, was desirable, "provided this can be done without prejudice to the present monetary system of Germany." In a session of the States-Counsel of the 15th of March this proposition was adopted, after cutting out the clause "provided this can be done without prejudice to the present monetary system of Germany."

If an invitation of an open and unrestricted character is issued, and the American delegates are beforehand bound by the above condition, this will be about the same as if some guests, invited to a dinner, would answer: "We shall accept, provided champagne will be on the table."

The delegates of the conference will exchange opinions, views, arguments, and it is in the natural course of things, that a fixed ratio between the precious metals will be the main topic of it, as all monetary conferences and silver commissions have theoretically come to the conclusion that the only safe and lasting way to remonetize silver is through international bimetalism. The champagne will be on the table; but those who demanded it beforehand will appear in an unenviable light.

As for America, there are some obstacles which must first be removed before a true and lasting success can be expected. The first is that unreasonable and undignified hatred of everything European which so many people foster, because they suppose it to be patriotic. Are not all white Americans either immigrants from Europe or the descendants of such? The best Americans, the most intelligent and cultured, are free from this fault. Let the others imitate them! The second obstacle is this, that many people here think the Americans can act in this matter as their humor directs them, and need not mind what foreigners do or say. This is a foolish boasting which may be excusable in school boys, but which men of ripe years, men of active business, men in public positions of trust, ought to spurn. The French are not noted for an excess of modesty; but see from Ribot's speech and from the endeavors of prominent men there, how fully they understand and acknowledge that neither they nor any other nation can succeed in this matter without the help of others. The Americans must understand that the aims are to be the same; they must therefore, being in the minority, yield to certain fundamental principles advocated by the majority. One of these, and one of paramount importance, is the question of the ratio of gold to silver, to be adopted by an international monetary union. In this country we hear and read: "16 to 1; no other ratio for us!" The 16 to 1, or more correctly, the 15.988 to 1, is a genuine American one; the other leading nations have had the ratio of 15½ to 1 for a century, and have never found any cause to regret it. France established this ratio, and coined its money accordingly; the Latin Union, Germany, Holland, Russia, Central America, South America, and even Cuba and Hayti, adopted it. No other country than the United States has the ratio of 15.988 to 1, which it established in 1837. Do you suppose that Europe would adopt the American ratio, or that it would enter into a monetary Union with the United States as long as you coin only at the ratio of 16 to 1? Never! If the United States insist

on their 16 to 1, and Europe retains  $15\frac{1}{2}$  to 1, then it would be a profitable business to take American silver to European mints and exchange it for gold. Europe would have the United States' silver, the United States would get the European gold, and the banker would make the profit, there being a difference of nearly 3 cents to the ounce of silver. H. Cernuschi, the leader of bimetallism, expressed himself for France last spring on May 28th in an open letter to the editor of the London Times, in answer to a challenge to bimetallists as follows:

"Either it will be stipulated that silver is to be universal money and that gold is to be money in Europe and the United States at the ratio of 1 to  $15\frac{1}{2}$  of silver, or nothing will be stipulated."

To be on an equal footing with the European nations, the people of the United States ought to insist on the coinage of their hoarded silver bullion, bought largely under the Sherman bill. Europe is afraid of a large uncoined quantity of silver.

A survey of the present financial condition in Europe and on this continent must convince the impartial observer, that the monetary stress under which we all suffer can be relieved only by an international agreement of all or most great nations, the money powers, and that the main point of this agreement must be, that gold and silver shall both be mediums of exchange, *i. e.* unlimited legal tender.

As soon as such an agreement is arrived at, the uncertainty and anxiety which have haunted us for twenty years will vanish; confidence will be restored, and prosperity will follow in its wake.



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TITLE**